

Lecture Notes in Economics and Mathematical Systems

(Vol. 1–15: Lecture Notes in Operations Research and Mathematical Economics, Vol. 16–59: Lecture Notes in Operations Research and Mathematical Systems) For information about Vols. 1–29, please contact your bookseller or Springer-Verlag

- Vol. 30: H. Noltemeyer, Sensitivitätsanalyse bei diskreten linearen Optimierungsproblemen. VI, 102 Seiten. 1970.
- Vol. 31: M. Köhlmeier, Die nichtzentrale t-Verteilung. II, 106 Seiten. 1970.
- Vol. 32: F. Bartholomes und G. Hotz, Homomorphismen und Reduktionen linearer Sprachen. XII, 143 Seiten. 1970. DM 18.-
- Vol. 33: K. Hinderer, Foundations of Non-stationary Dynamic Programming with Discrete Time Parameter. VI, 160 pages. 1970.
- Vol. 34: H. Störmer, Semi-Markoff-Prozesse mit endlich vielen Zuständen. Theorie und Anwendungen. VII, 128 Seiten. 1970.
- Vol. 35: F. Ferschl, Markovketten. VI, 168 Seiten. 1970.
- Vol. 36: M. J. P. Magill, On a General Economic Theory of Motion. VI, 95 pages. 1970.
- Vol. 37: H. Müller-Merbach, On Round-Off Errors in Linear Programming. V, 48 pages. 1970.
- Vol. 38: Statistische Methoden I. Herausgegeben von E. Walter. VIII, 338 Seiten. 1970.
- Vol. 39: Statistische Methoden II. Herausgegeben von E. Walter. IV, 157 Seiten. 1970.
- Vol. 40: H. Drygas, The Coordinate-Free Approach to Gauss-Markov Estimation. VIII, 113 pages. 1970.
- Vol. 41: U. Ueing, Zwei Lösungsmethoden für nichtkonvexe Programmierungsprobleme. IV, 92 Seiten. 1971.
- Vol. 42: A. V. Balakrishnan, Introduction to Optimization Theory in a Hilbert Space. IV, 153 pages. 1971.
- Vol. 43: J. A. Morales, Bayesian Full Information Structural Analysis. VI, 154 pages. 1971.
- Vol. 44: G. Feichtinger, Stochastische Modelle demographischer Prozesse. IX, 404 Seiten. 1971.
- Vol. 45: K. Wendler, Hauptaustauschschritte (Principal Pivoting). II, 64 Seiten. 1971.
- Vol. 46: C. Boucher, Leçons sur la théorie des automates mathématiques. VIII, 193 pages. 1971.
- Vol. 47: H. A. Nour Eldin, Optimierung linearer Regelsysteme mit quadratischer Zielfunktion. VIII, 163 Seiten. 1971.
- Vol. 48: M. Constam, FORTRAN für Anfänger. 2. Auflage. VI, 148 Seiten. 1973.
- Vol. 49: Ch. Schneeweiß, Regelungstechnische stochastische Optimierungsverfahren. XI, 254 Seiten. 1971.
- Vol. 50: Unternehmensforschung Heute – Übersichtsvorträge der Züricher Tagung von SVOR und DGU. September 1970. Herausgegeben von M. Beckmann. IV, 133 Seiten. 1971.
- Vol. 51: Digitale Simulation. Herausgegeben von K. Bauknecht und W. Nef. IV, 207 Seiten. 1971.
- Vol. 52: Invariant Imbedding. Proceedings 1970. Edited by R. E. Bellman and E. D. Denman. IV, 148 pages. 1971.
- Vol. 53: J. Rosenmüller, Kooperative Spiele und Märkte. III, 152 Seiten. 1971.
- Vol. 54: C. C. von Weizsäcker, Steady State Capital Theory. III, 102 pages. 1971.
- Vol. 55: P. A. V. B. Swamy, Statistical Inference in Random Coefficient Regression Models. VIII, 209 pages. 1971.
- Vol. 56: Mohamed A. El-Hodiri, Constrained Extrema. Introduction to the Differentiable Case with Economic Applications. III, 130 pages. 1971.
- Vol. 57: E. Freund, Zeitvariable Mehrgrößensysteme. VIII, 160 Seiten. 1971.
- Vol. 58: P. B. Hagelschuer, Theorie der linearen Dekomposition. VII, 191 Seiten. 1971.
- Vol. 59: J. A. Hanson, Growth in Open Economies. V, 128 pages. 1971.
- Vol. 60: H. Hauptmann, Schätz- und Kontrolltheorie in stetigen dynamischen Wirtschaftsmodellen. V, 104 Seiten. 1971.
- Vol. 61: K. H. F. Meyer, Wartesysteme mit variabler Bearbeitungsrate. VII, 314 Seiten. 1971.
- Vol. 62: W. Krelle u. G. Gabisch unter Mitarbeit von J. Burgermeister, Wachstumstheorie. VII, 223 Seiten. 1972.
- Vol. 63: J. Kohlas, Monte Carlo Simulation im Operations Research. VI, 162 Seiten. 1972.
- Vol. 64: P. Gessner u. K. Spremann, Optimierung in Funktionsräumen. IV, 120 Seiten. 1972.
- Vol. 65: W. Everling, Exercises in Computer Systems Analysis. VIII, 184 pages. 1972.
- Vol. 66: F. Bauer, P. Garabedian and D. Korn, Supercritical Wing Sections. V, 211 pages. 1972.
- Vol. 67: I. V. Girsanov, Lectures on Mathematical Theory of Extremum Problems. V, 136 pages. 1972.
- Vol. 68: J. Loewckx, Computability and Decidability. An Introduction for Students of Computer Science. VI, 76 pages. 1972.
- Vol. 69: S. Ashour, Sequencing Theory. V, 133 pages. 1972.
- Vol. 70: J. P. Brown, The Economic Effects of Floods. Investigations of a Stochastic Model of Rational Investment Behavior in the Face of Floods. V, 87 pages. 1972.
- Vol. 71: R. Henn und O. Opitz, Konsum- und Produktionstheorie II. V, 134 Seiten. 1972.
- Vol. 72: T. P. Bagchi und J. G. C. Templeton, Numerical Methods in Markov Chains and Bulk Queues. XI, 89 pages. 1972.
- Vol. 73: H. Kiendl, Suboptimale Regler mit abschnittsweise linearer Struktur. VI, 146 Seiten. 1972.
- Vol. 74: F. Pokropp, Aggregation von Produktionsfunktionen. VI, 107 Seiten. 1972.
- Vol. 75: GI-Gesellschaft für Informatik e.V. Bericht Nr. 3. 1. Fachtagung über Programmiersprachen · München, 9.–11. März 1971. Herausgegeben im Auftrag der Gesellschaft für Informatik von H. Langmaack und M. Paul. VII, 280 Seiten. 1972.
- Vol. 76: G. Fandel, Optimale Entscheidung bei mehrfacher Zielsetzung. II, 121 Seiten. 1972.
- Vol. 77: A. Auslender, Problemes de Minimax via l'Analyse Convexe et les Inégalités Variationnelles: Théorie et Algorithmes. VII, 132 pages. 1972.
- Vol. 78: GI-Gesellschaft für Informatik e.V. 2. Jahrestagung, Karlsruhe, 2.–4. Oktober 1972. Herausgegeben im Auftrag der Gesellschaft für Informatik von P. Deussen. XI, 576 Seiten. 1973.
- Vol. 79: A. Berman, Cones, Matrices and Mathematical Programming. V, 96 pages. 1973.
- Vol. 80: International Seminar on Trends in Mathematical Modeling, Venice, 13–18 December 1971. Edited by N. Hawkes. VI, 288 pages. 1973.
- Vol. 81: Advanced Course on Software Engineering. Edited by F. L. Bauer. XII, 545 pages. 1973.
- Vol. 82: R. Saeks, Resolution Space. Operators and Systems. X, 267 pages. 1973.

Lecture Notes in Economics and Mathematical Systems

Managing Editors: M. Beckmann and H. P. Künzi

186

Ching-Lai Hwang
Kwangsun Yoon

Multiple Attribute Decision Making
Methods and Applications
A State-of-the-Art Survey



Springer-Verlag
Berlin Heidelberg New York 1981

Editorial Board

H. Albach A. V. Balakrishnan M. Beckmann (Managing Editor)
P. Dhrymes J. Green W. Hildenbrand W. Krelle
H. P. Künzi (Managing Editor) K. Ritter R. Sato H. Schelbert
P. Schönfeld

Managing Editors

Prof. Dr. M. Beckmann
Brown University
Providence, RI 02912/USA

Prof. Dr. H. P. Künzi
Universität Zürich
CH-8090 Zürich/Schweiz

Authors

Ching-Lai Hwang
Dept. of Industrial Engineering
Durland Hall
Kansas State University
Manhattan, KS 66506/USA

Kwangsun Yoon
Dept. of Industrial Engineering
and Management Science
Fairleigh Dickinson University
Teaneck, NJ 07666/USA

AMS Subject Classifications (1970): 90-02, 90B99, 90C99

ISBN-13: 978-3-540-10558-9

e-ISBN-13: 978-3-642-48318-9

DOI: 10.1007/978-3-642-48318-9

This work is subject to copyright. All rights are reserved, whether the whole or part of the material is concerned, specifically those of translation, reprinting, re-use of illustrations, broadcasting, reproduction by photocopying machine or similar means, and storage in data banks. Under § 54 of the German Copyright Law where copies are made for other than private use, a fee is payable to 'Verwertungsgesellschaft Wort', Munich.

© by Springer-Verlag Berlin Heidelberg 1981

Softcover reprint of the hardcover 1st edition 1981

2142/3140-5432

PREFACE

This monograph is intended for an advanced undergraduate or graduate course as well as for the researchers who want a compilation of developments in this rapidly growing field of operations research. This is a sequel to our previous work entitled "Multiple Objective Decision Making--Methods and Applications: A State-of-the-Art Survey," (No. 164 of the Lecture Notes).

The literature on methods and applications of Multiple Attribute Decision Making (MADM) has been reviewed and classified systematically. This study provides readers with a capsule look into the existing methods, their characteristics, and applicability to analysis of MADM problems.

The basic MADM concepts are defined and a standard notation is introduced in Part II. Also introduced are foundations such as models for MADM, transformation of attributes, fuzzy decision rules, and methods for assessing weight.

A system of classifying seventeen major MADM methods is presented. These methods have been proposed by researchers in diversified disciplines; half of them are classical ones, but the other half have appeared recently. The basic concept, the computational procedure, and the characteristics of each of these methods are presented concisely in Part III. The computational procedure of each method is illustrated by solving a simple numerical example.

Part IV of the survey deals with the applications of these MADM methods. The literature has been classified into selection of commodity, site, people, project, public facility, etc. A summary of each reference on applications is given.

IV

A choice rule for MADM methods, a unified approach to MADM problems, and proposed future study are presented in Part V.

An updated bibliographical listing of twenty-five books, monographs or conference proceedings, and about 500 selected papers, reports or theses is presented.

We are indebted to the outstanding pioneering survey of this field done by Dr. Kenneth R. MacCrimmon in 1968 and 1973; and to Professors Doris Grosh, William Schenck-Hamlin and P. L. Yu for their various comments and suggestions. The first draft was used in the first author's Spring 1980 class of "Advanced Topics in Operations Research." Dale G. Finkner, M. H. Lee, M. J. Lin, Cynthia S. McCahon, K. S. Raju, and Larry M. Strecker have tested and critically evaluated many methods. Special thanks are due to Merla Oppy for typing and Jean Burnham for editing.

This study was partly supported by the Office of Naval Research, and Department of Energy.

C. L. Hwang
Kansas State University
Manhattan, Kansas
Fall 1980

Kwangsun Yoon
Fairleigh Dickinson University
Teaneck, New Jersey
Fall 1980

TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
II. BASIC CONCEPTS AND FOUNDATIONS	16
1. Definitions	16
1.1 Terms for MCDM Environment	16
1.2 MCDM Solutions	18
2. Models for MADM	24
2.1 Noncompensatory Model	24
2.2 Compensatory Model	25
3. Transformation of Attributes	26
3.1 Quantification of Fuzzy Attributes	27
3.2 Normalization	29
4. Fuzzy Decision Rules	32
4.1 Definition of Fuzzy Set	33
4.2 Some Basic Operations of Fuzzy Sets	35
5. Methods for Assessing Weight	41
5.1 Eigenvector Method	41
5.2 Weighted Least Square Method	48
5.3 Entropy Method	52
5.4 LINMAP	57
III. METHODS FOR MULTIPLE ATTRIBUTE DECISION MAKING	58
1. Methods for No Preference Information Given	58
1.1.1 Dominance	58
1.1.2 Maximin	61
1.1.3 Maximax	64

VI

	Page
2. Methods for Information on Attribute Given	67
2.1 Methods for Standard Level of Attribute Given	68
2.1.1 Conjunctive Method (Satisficing Method)	68
2.1.2 Disjunctive Method	71
2.2 Methods for Ordinal Preference of Attribute Given	73
2.2.1 Lexicographic Method	74
2.2.2 Elimination By Aspects	77
2.2.3 Permutation Method	84
2.3 Methods for Cardinal Preference of Attribute Given	92
2.3.1 Linear Assignment Method	93
2.3.2 Simple Additive Weighting Method	99
2.3.3 Hierarchical Additive Weighting Method	104
2.3.4 ELECTRE Method	115
2.3.5 TOPSIS	128
2.4 Methods for Marginal Rate of Substitution of Attributes Given	141
2.4.1 Hierarchical Tradeoffs	146
3. Methods for Information on Alternative Given	153
3.1 Methods for Pairwise Preference Given	153
3.1.1 LINMAP	154
3.1.2 Interactive Simple Additive Weighting Method	168
3.2 Method for Pairwise Proximity Given	176
3.2.1 Multidimensional Scaling with Ideal Point	177
IV. APPLICATIONS	192
1. Commodity Selection	192
2. Facility Location (Siting) Selection	195
3. Personnel Selection	197

	Page
4. Project Selection	198
4.1 Environmental Planning	198
4.2 Land Use Planning	200
4.3 R & D Project	201
4.4 Water Resources Planning	202
4.5 Miscellaneous	202
5. Public Facility Selection	204
V. CONCLUDING REMARKS	207
On MADM Methods Classification	207
On Applications of MADM	207
On Multiple Objective Decision Making (MODM) Methods	207
On Multiattribute Utility Theory (MAUT)	208
A Choice Rule for MADM Methods	210
A Unified Approach to MADM	213
On Future Study	222
VI. BIBLIOGRAPHY	226
Books, Monographs, and Conference Proceedings	226
Journal Articles, Technical Reports, and Theses	228

LIST OF FIGURES

<u>Figure</u>	<u>Title</u>	<u>page</u>
1.1	A taxonomy of methods for multiple attribute decision making	9
2.1	Decision variable space representation of the feasible area of Examples 1 and 2	20
2.2	Objective function space representation of the feasible area of Example 1	21
2.3	Objective function space representation of the feasible area of Example 2	22
2.4	Assignment of values for an interval scale	28
2.5	Fuzzy subset B induced by a mapping	39
3.1	Expected number of nondominated alternatives	60
3.2	A graphical representation of aspects in the three-alternative case	80
3.3	Graphical presentation of Table 3.1	91
3.4	A hierarchy for priorities of fighter aircrafts	105
3.5	A hierarchy of overall well-being	112
3.6	Euclidean distances to the ideal and negative-ideal solutions in two-dimensional space	129
3.7	Typical indifference curves observed in TOPSIS	140
3.8	The marginal rate of substitution as a function of X_1 and X_2	142
3.9	A set of indifference curves between MPG and the space of passenger compartment	144
3.10	A set of indifference curves between maximum speed and reliability	148
3.11	A set of indifference curves between maximum payload and ferry range	150
3.12	A set of indifference curves between cost and maneuverability	151
3.13	An ascending curve on the initial configuration showing the value of d_{ij}	180

<u>Figure</u>	<u>Title</u>	<u>page</u>
3.14	A perfect configuration	181
3.15	Two dimensional configuration for 11 car models	184
3.16	Two dimensional configuration by the ALSCAL program for 7 candidates	189
5.1	A taxonomy of methods for multiple objective decision making	209
5.2	MADM method specification chart	211
5.3	A process diagram for unified approach to multiple attribute decision making	215
5.4	The partially ordered set of Table 5.5	223

LIST OF TABLES

<u>Table</u>	<u>Title</u>	<u>page</u>
1.1	MADM vs MODM	4
1.2	Classification of books, monographs and conference proceedings	7
1.3	Classification of references on multiple attribute decision making	10
1.4	List of journals relevant to MADM	13
2.1	A fighter aircraft selection problem	18
2.2	The scale and its description	45
2.3	Wealth comparison matrix	46
2.4	Normalized wealth eigenvector	46
2.5	Comparison of numerical results for wealth comparison matrix	51
3.1	The best order for the different w's	90
3.2	Overall satisfaction with job	110
3.3	Comparison of jobs with respect to six attributes	110
3.4	Rank order of dissimilarities between pairs of car models	185
3.5	Rank order of dissimilarities between pairs of candidates	187
3.6	Multiple regression of each attribute on configuration dimensions	190
4.1	Classification of references on applications	193
5.1	Preference rankings by four MADM methods	218
5.2	Majority vote between alternatives	218
5.3	Preference ranking by four MADM methods	221
5.4	Majority vote between alternatives	221
5.5	Aggregate preference ranking from three techniques	223